



RESIDENTIAL RENEWABLE ENERGY GRANT PROGRAMME
Monday 27th February 2006
Consultation Questions Summary of Responses

The Minister for Finance announced in the Budget Speech of December 6, 2005 that he would be making available a €65 million multi annual package to support a range of grant schemes for renewable energy across the electricity, heat and transport sectors. The funding includes approximately €25 million for the support of residential renewable energy technologies. SEI is working to develop a grant programme to deliver the grants.

As part of investigating the appropriate design criteria for the grant scheme, SEI held a consultation with renewable energy industry stakeholders including equipment manufacturers, suppliers and installers, on the 27th of February. Stakeholders were asked to respond to two documents that had been circulated prior to the event; one document on specific questions of the overall programme design, and the second on the proposed mechanism for ensuring that grants are provided for quality equipment and installations.

There were approximately 70 stakeholders in attendance. SEI also received a number of written responses to the consultation. The comments made at the event and those made in the responses received are reflected in summary in the tables in the attached document titled *Residential RE Consultation - Summary*, and in further detail below. The document should be read in conjunction with the two documents circulated prior to the consultation, copies of which are available on SEI's website (www.sei.ie).

Grant Scheme Design Questions

1) How should the grant level be determined?

A number of different responses to this and other questions on grant level; tables reported a disparity of views during the table discussions, however some key messages appeared in regard to what should be considered, including:

- CO₂ abatement potential and efficiency should be a key consideration.
- The price to the consumer of choosing the technology vs. fossil fuel.
- The size of the installation (sq. footage or inhabitants metric).
- Some noted that the labour cost must be included for existing homes, as labour would be a higher cost in such installations (suggestion that grants for existing homes should be higher).
- The grant should be seen as something that has a certain degree of continuance. It is therefore important that the available monies do not get used up too quickly or too suddenly, as this could be catastrophic.
- One suggestion was that the mechanism could be tied to the EPBD rating in the future.
- Possible disparity or mismatch in grants by technology type.
- Should be influenced by energy demand of housing stock.
- Grants could be dependent on the capacity (kW or m²), the energy delivered (kWh) or the amount CO₂ displaced or abated.
- Wood burning stoves that cannot burn other materials such as waste and peat should be supported.
- The fuel cost should also be considered in setting the grant, perhaps fuel should also be grant aided.

2) Is there an appropriate grant level for each technology?

- 25% was suggested, with adjustment after a period of time.
- Some argued that the level should be between the two ranges presented in the consultation document (this would balance incentive to the customer and duration of the scheme).
- Some felt that the grant levels for biomass and solar were too low (and should be 50%). There was general consensus that the level of heat pump grant was too high when compared to the other technologies.
- Some argued that the fixed grant would help older/cheaper technology although most agreed that it would help prevent price inflation.
- It was felt that the solar water and space heat grant was too high compared to the solar grant.
- It was felt that the vertical heat pump grant was too high compared to the horizontal heat pump grant.
- It was felt that a weighting of higher grant levels for those technologies offering greater CO₂ reduction would appropriately lead to lower grant levels for heat pump technologies.
- Zero VAT was suggested (DIY purchase of oil fired boiler product is 13% VS. 21% for renewable energy product).

- One suggested that the Danish and German experience should be considered as well as the Swedish, where the removal of grants caused a market downturn.
- It was noted that the grant level should take in to account whether the grant is taxable.
- It was proposed to reduce grant over time, increase participation
- Some felt the grant levels proposed were too low to make the technologies competitive.
- Older houses are less efficient – the grant could be tied to housing stock study.
- There was a suggestion that 30% of the total should be ring-fenced for biomass.
- It was also suggested that the level of the grant could be a fixed amount, per kW installed/delivered, per technology, up to a maximum limit. This limit would be a percentage of the total capital cost.

3) What could trigger a review of grant levels?

- It was cautioned that too much programme change could cause confusion.
- Inflationary pressure, including in fuel price.
- *Additional* grant funding.
- Failure to meet targets.
- Disproportionate demand.
- Lack of uptake of a specific technology.
- Significant changes in capital costs – not necessarily inflationary (e.g. onetime cutting edge technologies reducing in price due to a combination of market uptake and improved manufacturing).
- Information that indicates a particular technology is not performing (hypothetical example - Air source heat pumps with COP's ≤ 1).

4) Is the programme eligibility limit appropriate? Should limits be made to developers receiving grants? How do we cater for DIY product installations?

Eligibility

- There is uncertainty as to the interaction of this programme with other SEI programmes including HOT, Fuel Poverty, and EPBD.
- All agreed new and existing should both be eligible, and it was suggested that if either were discriminated for, it should be existing (they see future business in this sector).
- Most seemed to feel that inclusion of renters was not feasible as legal issues could arise, additionally EPBD rating should provide incentive for landlords to consider the scheme in future.
- Most felt local authorities should be excluded (although there was written support for allowing local authorities participate) as they already have a mechanism for supporting central and storage heating; however they felt

we should be encouraging them to utilise renewables within their existing scheme.

- One suggested that renters in local authority housing who are on schemes to purchase their council house should be eligible.

Developers

- The inclusion of grants to developers brought much discussion, most agreed that because most new homes are now built by developers, excluding this sector would be unfair to the owners and would limit the market; however, all felt strongly that the benefit of the grant should go to the home owner. Many felt that the developer should not be eligible. Some worried that including developers would swallow up the 25 million quickly. Some mentioned that HOT was a more appropriate measure for developers.
- It was suggested that the scheme allow grants to developments of up to 5 units. Beyond that developers should apply to the SEI House of Tomorrow programme.
- Present the option at the Planning Stage prior to construction.
- The HoT programme supports renewables in a limited way – the prime driver is to make the houses 40% more energy efficient than a house built to conform with Part L of the building regulations. The developer can do this with extra insulation and condensing boilers. The HoT scheme doesn't really support a developer who just wants to put in solar water heaters and do nothing about the fabric of the house other than meeting the building regulations.
- Developers should be encouraged to allow for renewables at the design stage (e.g. solar water may need planning consent), then prospective buyers can request that the technologies be installed as optional extras. Perhaps the kudos for the developer could be in SEI recognition (e.g. Joe Bloggs Excellent Houses Ltd are supported by the SEI Renewable grant scheme).
- Certainly large developments should not be encouraged (as mention previously – this will quickly eat into any budget).

DIY

- Most felt that DIY should not be included, although a significant minority felt that there was no reason to exclude them, so long as the system was properly commissioned.
- Many agreed that with the simpler technologies (not sure which are considered simpler other than perhaps pellet stoves) and commissioning by a certified installer, then could be considered.
- There was a suggestion that DIY could be supported, but at a lower grant level.
- There was a suggestion that DIY could be supported for a six-month trial, after which its status could be reviewed.

5) Are standard forms desirable?

- a. Quotations
 - Standard performance measures should be prescribed, including price/kWh, COP with standard conditions for measurement, but commercial information should be allowed to be unique to each business – a minimum standard, but not limits.
 - There should be technology specific information.
- b. Contracts
 - Some elements in a contract could standardise, but little support for standard contracts was given.
- c. Commissioning checklists
 - All agreed is critical and should be a requirement but shouldn't be onerous, should be electronically available, should be a requirement for the final payment to the installer and should be required for payment of grant.
 - Crucial to have proper information on the technology data and performance.
 - Standardised rating/measurement across and applicable to all of the technologies.
 - Payment should occur after certification.

6) Are the key programme risks identified? Does the Quality Assurance programme address these risks?

Other risks identified include:

- Market stalls when grant scheme ends.
- Fuel supply for wood pellets – quality and price; some felt that SEI need to play a role in providing consumer information on pellets.
- Little change in the national CO₂ emissions profile resulting from the programme.
- Total available for grants is exhausted too quickly.
- Supporting procedures are not well defined.
- Lack of standards.
- Lack of enforcement of standards.
- Equipment should have a standard rating.
- There is a need for a governing body over the installers to maintain the list of equipment and suppliers and determine whether installers lose or retain presence on the list.
- Anticipating an increase in demand for all supported RE technologies:
 - can the market supply as required?
 - can SEI turnaround an application fast enough?
 - will there be enough installers initially?

7) Is the promotion programme detailed in the document appropriate? Are there other promotion activities that could be considered and at what stage over the 5 years?

- Some noted that promotion was important and that not enough good hard and reliable information was available to the public.
- Others felt that TV and other mass media would not be necessary; word of mouth would be sufficient.
- A brochure on the programme could be included in the planning pack sent out to those seeking planning permission for new homes.
- Information available to consumers should include performance index for comparison of products and decision tree for choosing among RE heat options.
- Organic promotion – all of the main people in the industry were in attendance.

QA Mechanism Questions

1. Training and Inspection

- Training is critical for:
 - Installers/plumbers
 - Salespeople
 - Designers
- Skillsnet is a key organisation. The Renewable Energy Heating Network (the skillnet organisation) is not yet FETAC accredited
- RECI is a good model – do training and inspection for their members.
- METAC is another appropriate organisation that is well resourced and organizes training.
- Products should only get on the list if the manufacturer also provides training for installers.
- SEI could work with both the Renewable Energy Heating Network and the Midlands Energy Training & Assessment Centre to fast track a certified training facility (possible use of the Renewable Energy Installer Academy course materials).

2. Equipment lists

- Should have CE standards.
- Should have national approval in Country of origin.
- Should have minimum / high efficiency levels.
- We need to consider testing for Irish conditions.
- Quality of fuel is important and will need to be appropriate for technologies on the list.
- The question of legal responsibility must be considered, suggestion that an independent engineering firm could be hired to certify the list to limit liability of SEI.
- Products should only be removed from the list in the event of a serious problem with the product.
- Questions
 1. How do we get on the list?
 2. If there is a standard in a foreign country, how can it be proved to work in Irish conditions/ Maybe there is a need for an additional test in Ireland?
 3. "Direct-expansion" heatpumps are disallowed under UK's Clearskies program due to the large amount of refrigerants employed. Will this be the case in Ireland?

3. Standard forms

- Quotations
 - Some form of standardisation would be good.
 - Heat pumps for example, COP and power output measurement in standard conditions should be required
 - Boilers, output size and efficiency in standard test conditions.
 - Solar, independent efficiency figures.
 - *Do not highlight pricing or commercially competitive information*
- Contracts

- Some standard could be considered including warranties and terms and conditions.
- Pricing should not be standard. The consumer will determine if the pricing is good.
- There should be some mechanism to check for inflated pricing or “cartel-like” behaviour.
- Commissioning checklists
 - There should be a common checklist required and the manufacturers may have another checklist.
 - There was a suggestion that the supplier’s stamp should be required on the commissioning checklist in order to be eligible for the grant.
- Installers list
 - To be on should require training and experience
 - Manufacturers or general training should be required until a certified training infrastructure exists; track record of installations should also be considered.
 - Could be 2 tier – general installer of heat pumps, or installer of certain brands (*Generic installers and Manufacturer specific*).
 - To be removed should require a policing board that is funded by the grant scheme; initially we would need to buy in experience from other countries.
 - RECI and ITAA are relevant examples.
 - There should be 2 lists for installers – the first is a provisional list subject to signing up to the QA scheme and dependent on a previous successful installation history, the second should be the “final certified list” subject to formal qualifications and at least one audited inspection per technology installed.

4. Training/Experience/Insurance

- Training
 - Lack of *recognisable* standards to train to.
 - Until a certified training infrastructure exists there will be a requirement for some self regulation and could include approved installers with a track record of experience that can be validated by submission of a case study and inspection.
 - SEI to determine relevant standard to get on the list for each technology.
 - Suggest paralleling Renewable Energy Installers Academy criteria for training standards (for long term approach to training and installation).
 - Because we are moving so fast the SEI will need to set the standards.
- TCC and Insurance (business, public liability, employers liability) are both a must.
- Look at the ClearSkies requirements.
- There was a suggestion that a copy of the installer’s insurance should also be provided to SEI to verify that the installer is not a “cowboy”.

5. Sizing/Quotation/Contract

- Should have a standardized form prior to grant application.
- Service contracts should be issued and underwritten in case the installer leaves job incomplete.
- Estimates should be written and serialised so can be followed through to completion certificate.
- Installer warranties a system, manufacturer warranties products, the system will often use multiple products, there may be a need to assist in determining where liability lies in the event of a fault.
- Ultimate warranty liability should go to the manufacturer.

6. Advertising Standards

- RECI provides a good example.
- Clarity of performance measure to provide a ready comparison – common Performance Index with clearly defined rules.
- Only members of installer list should be able to advertise
- Shouldn't be diminishing of other industry players and should be positive of renewables in general.
- Only authorised sales persons are allowed to make sales.
- "Cooling off" period is not always desirable and will cause delays in ordering equipment, thus should include a right of waiver.
- There should be some initial inspection of a system prior to doing retrofit so that any poor performance is brought to the customers attention before the RE equipment is installed.
- The standard checklist should require estimate of any regular maintenance costs customer can expect, and any contractual responsibility around maintenance.
- Servicing should be mentioned at the placing of the contract.
- The wording in relation to the commissioning of the system should change from "in the presence of the customer" to "in the presence of the customer or their representative".

7. Customer complaints

- Who is legally responsible if there is a customer complaint, does SEI have any legal responsibility if it 'endorses' products/services via its evaluation procedure?
- Consumers should be advised of their rights, installers need to know these as well.
- Up front specification is key, customer expectations need to be managed – installers and suppliers have a role to play here.
- Some form of arbitration process, with a "self-policing" committee made up from an industry body, should be considered – issues might be Supply of Equipment and Installation.
- Installer should not be held liable for poor equipment or fuel quality; identifying party responsible is not straight forward.
- Public reprimand must be carefully considered and follow "due course" as could do serious damage to a business.
- Service contracts should be underwritten in case of bankruptcy of installer.

- Requirement for arbitration: possibly SEI funded – independent inspection to establish facts and liability.

Open Discussion

- Will we ring fence funds for certain technologies to ensure enough is available for the less developed?
- There may be a dead period after launch when SEI is unable to get through a bulk of applications.
- Industry should consider formalising quotes now in order to be ready for the 27th March launch.
- The industry should work towards the development of a self-rule, self-policing mechanism with RECI as a model.
- Inspectors under the programme need to be “street wise”; they need to know the short cuts that installers are likely to take.
- The commissioning checklist needs to make the purchaser comfortable; the checklist should be stamped by the agent selling the appliance.
- The cost of retrofit is much higher – we might consider discriminating grant levels on this basis – will provide faster feedback and will provide comparison to existing methods of home heating.
- Must ensure the grant scheme does not require the industry to grow too quickly. Current levels:
 - Heat pumps about 1000/year, grants could grow to 2000/year.
 - Solar heating about 700/year, grants could more than double to 1500/year.
 - Pellet stoves and boilers – only a small number are installed in Ireland currently.
- Skillnet, a potentially appropriate training mechanism, is publicly funded but industry led.
- In what case would an application be rejected? If you are approving the product, why do you need to approve the grant? Why does the customer need to make an application and then a request for payment? Can't it be done in one step?
- Heat recovery and other energy efficiency technologies should be included in the grant scheme.

Other comments

- The quality charter should be voluntary for the first 12 months.
- SEI is leaving itself open to be sued by customers if it positions itself as a governing body.
- Wood-burning boilers / stoves should be eligible if they are unable to burn other materials.
- Launch might be premature.
- Need for interim installer approval process.
- No retrospective grants are allowed.
- Unfair advantage to Heat Pumps. This needs to be addressed.
- Voiced concern with quality of certain fuels and availability of supply.
- It was argued that an annual meeting with the industry would be advantageous.